4 Researching the exercise of power

Marcia Annisette and Christine Cooper

Introduction

We live in an era which has been variously described as neo-liberal, financialized, liberalized, advanced capitalist, or a mixture of all of these. Depending on the definition, 2016 could be usefully characterised by each of them, and, in any case, society is constantly evolving and changing. From the perspective of researching into the exercise of power, there are continuities and discontinuities and material/economic as well as ideological/superstructural dimensions. The material continuities lie in the *substance* of the material conditions of exploitation - capitalism. There are requirements that are integral to capitalism. These include the imperatives to make a profit, to cheapen labour, to expand into global markets, of economic growth, of constant renovations in production (in a period of financialisation, this includes innovations in financial products) and so forth (Brown, 2015).

However, aside from these economic imperatives which impact upon people's lives, capitalism dominates the human beings and human worlds it organises in other ways. Capitalism gives shape to human worlds –to the constitution of our subjectivities, to our rationalities and ways of understanding the world, to our priorities and our social relations and arrangements. Moreover, it shapes and creates global institutions and social structures.

Cederstrom and Fleming (2012), argue that if the superstructure is omitted in the theorisation of power we will not grasp the intricate dynamics between political rationality and the economic constraints, and we will also not grasp the extent and depth of capitalism's power in making this world and unfreedom within it. In short, research into the exercise of power, in the broadly Marxist/critical tradition is concerned with both the material conditions of exploitation as well as what might be broadly described as its social understandings, rationalities or ideologies and its institutions.

This chapter will take two critical research articles as examples of two of the methods of research in critical accounting (Annisette 2000, and, Cooper 2015). Each is concerned with capitalism and its rationalities. Annisette (2000) is concerned with how these rationalities are diffused through global accounting bodies (in particular Association of Chartered Certified Accountants - ACCA). Cooper (2015), demonstrating significant failures of accounting in the recent banking crisis is concerned with how the globally diffused rationalities and technologies of accounting alter and shape our worlds in both a material and an ideological way. Thus each paper is concerned with the global accounting complex. The methods employed in the two articles are different. Annisette (2000) uses interviews, backed by archival research. Cooper (2015) is desk based, and adopts a deductive, theoretical approach. While their methods and theoretical approaches are different, both place capitalism and its rationalities and animators (especially interest) at the centre of their research. Indeed, any research into the exercise of power from a critical perspective should take capitalism into account. We turn first to Annisette (2000) which details how the capitalist context is important in terms of understanding the global significance and spread of an accounting institution - ACCA.

Researching the exercise of power through the accounting profession - Annisette (2000*)*

Professionalism is generally understood within the context of a general theory of domination (Murphy 1988). Thus, the organizations which represent the accounting profession are rich research sites for studying the links between accounting and the exercise of power. Much of the critical accounting work on the profession has focused on how practitioner based organizations (professional associations and practicing firms) in pursuit of the collective mobility of its members, participate in exclusionary practices denying ingress to social constituencies on the basis of gender (Kirkham and Loft 1993, Anderson-Gough et al, 2005), class (Jacobs 2003), race (Hammond 1997, Hammond and Streeter 1994, Hammond et al, 2012, Annisette 2003), disability (Duff and Ferguson 2007, 2011) and components of culture such as language (Spence and Brivot 2011) and religion (Annisette and O'Regan 2007). Theoretically, much of this work is grounded in the Weberian concept of social closure which being undergirded by themes of domination and monopolization of work, highlights the accountancy profession's exercise of power within the confines of the societies in which the profession is located. In other words much of the extant work on the accountancy profession is framed within the context of the nation state (Kirkham and Loft 1993, Anderson Gough et al. 2005, Duff and Ferguson 2007, Hammond 1997 Hammond and Streeter 1994). But accountancy is an occupation that has long been involved in cross-national phenomena. Its development and growth in many national jurisdictions has been influenced by non-local factors, and contemporary worldwide practice is known to be dominated by powerful accountancy mega firms which have wide networks of international operations (Annisette 2010:171). It has therefore become increasingly difficult to study professional accounting activities in any nation state without adopting a supranational perspective. Critical researchers on the accountancy profession have incorporated this supranational perspective largely by employing the analytical lenses of imperialism (Annisette 2000, Chua and Poullaos 2002) or globalization (for example Caramanis 2002, Cooper et al 1998, Annisette and Trivedi 2013). In what follows, we briefly discuss how the analytical lens of imperialism has typically been used in studies of the accountancy profession to capture this supranational perspective and the exercise of power on the global scale. We then turn our focus on the particular conceptualization of imperialism adopted in Annisette (2000) and discuss the relationship between the theoretical choice adopted in that paper and its use of interviews as a research method.

Capturing the global exercise of power: researching imperialism and accountancy

The insights of British sociologist Terry J. Johnson have been central to the positioning of imperialism in much of the extant body of work on the development of accountancy in former British colonies (see Poullaos and Sian 2010). In a series of articles, Johnson (1982) showed how the professionalization of accountancy in many of Britain's erstwhile colonies were not autonomous local phenomena, but were part and parcel of activities taking place within the wider British Empire with its impetus coming from the professionalization of accountancy in Britain. Johnson's major aim was to illuminate the symbiotic relationship between profession formation and state formation. In the British context, he argued that this co-production of profession and state took place during the period of high imperialism and therefore the Empire context very much influenced the nature of the British professions that were established. He therefore sought to caution against the (then dominant) trait approach to studying the professions, arguing that

> certain of the features which have been assumed to characterise professionalization as a universal process were in fact the outcome of this particular articulation of professions and state within the context of the Empire (Johnson 1982, p. 197)

By juxtaposing the concepts of imperialism and profession, Johnson thus provided powerful explanations for the noted peculiarities of the British professions (such as their historic schism with the University system) and also provided useful guidelines for examining the process of profession development in former British colonies. In much historical work on the professionalization of accountancy in British Commonwealth countries therefore Empire and Imperialism act as what Abbott (1988: 196) refers to as "historical contingencies" providing no more than the contextual backdrop for understanding local developments. Thus, whilst notions of power always underpins accounting research set within imperialism/empire tradition, the exercise of power between nation states is more of a backstage story rather than the central focus of this work. Annisette's (2000) study of accountancy development in Trinidad and Tobago takes a slightly different turn, focussing instead on what Joahann Galtung (1971) refers to as the internal logic of imperialism. Thus rather than being employed as the *historical backdrop of the study's setting*, imperialism is the *object of study* in this work. Specifically Annisette's intent is to unmask accounting's role in power relations between nation states by illustrating how professional accountancy enables the workings of imperialism.

Annisette introduces the study by first highlighting the uniqueness of professional accountancy training vis-à-vis other high status occupations in the country, nothing that:

> Whereas the system of training and certification for doctors, lawyers, and engineers is indigenously based and conducted in and by the indigenous University, in the case of accountancy, the country virtually relies on foreign based institutions for the training and certification of its practitioners (Annisette 2000:634)

The paper further notes that the anomalous nature of professional accountancy in T&T is a pattern that is observable in a certain class of countries in the world - developing economies of the British Commonwealth, newly emerging economies including China, central and eastern Europe, South Africa and many non-Anglophonic countries of Africa, where like T&T "there is a preponderance of UK based bodies in the training and certification of accountants" (Annisette 2000: 634).

For Annisette therefore, this observed pattern is a function of the nature of the post WW2 capitalist expansion project which saw accountants playing an increasingly important role in the management of the global economic order. This, the paper argues, in turn impacts on accounting developments for late developing or peripheral states. Annisette thus advances the thesis that:

> By performing tasks concerned with financial order and control, accountants (as opposed to any other occupational group) are vital to the integration of transnational capital. As a result, the development and dissemination of the profession's knowledge base is increasingly being conducted by a small number of elite institutions and firms located in the major centres of finance capital (Annisette 2000:635).

Annisette's thesis is therefore one that illuminates the role of accounting in the exercise of power between nation states by placing the explanation for these observed anomalies in professional accountancy training squarely in the realm of capitalist expansion and economic domination.

Though drawing on Johnson's (1982) ideas of the profession-state nexus in the context of imperialism, Annisette criticizes Johnson for conflating imperialism with colonialism which it is asserted leads him to overlook important imperialist continuities in the post-colonial period (Annisette 2000: 633). The paper thus employs the conceptualization of imperialism as advanced in the seminal work of Robinson and Gallagher (1953) which views imperialism as spanning both the colonial and post-colonial eras.

Robinson and Gallager's theorization on contemporary imperialism is based on their observations of the unfolding of British imperialism, which they noted proceeded according to the policy of 'trade with informal control if possible, trade with rule where necessary' (1953: 13). They suggested that formal rule (colonialism) was only undertaken and hesitatingly so when the internal politics within an overseas territory or the likelihood of foreign challenge to British supremacy, jeopardized the incorporation of that territory's economy into the expanding British capitalist economy. In other instances and these were the majority of cases, it was informal rule which occurred. Thus the formal Empire merely represented the tip of an iceberg beneath which lay a vast Empire which, though not under sovereign control, nevertheless was under London's economic, cultural and diplomatic dominion (Annisette 2000:635).

For Robinson and Gallagher (1953) the critical element in the working of Britain's informal empire of trade and influence was the presence of indigenous collaborative systems in the overseas territory. These were conceived of as

> collections of people of different kinds at different levels who were drawn into collaboration as a result of the creation of European institutions within their societies (Robinson 1972)

and where they existed, informal rule -the preferred mode of British imperialism- flourished and thrived.

The agency of local actors that is embedded in Robinson and Gallagher's (1953) conceptualization of imperialism is the centerpiece of Annisette's search of an explanation for the dominant role played by British professional accountancy bodies and in particular the ACCA, in the training and certification of accountants in developing and emerging states. Annisette criticizes prior research on this topic, which by only focusing on the expansionary motives of British professional accountancy bodies, portrays professional bodies in peripheral sites as "hapless and helpless victims" of powerful British institutions. Thus in the paper the T&T professional accounting association and its elite practicing member firms are conceived as indigenous collaborators in the imperial project that serve to facilitate contemporary US Imperialism without Empire(Annisette 2000)[i].

Researching Interest

Critical to understating how Annisette links her research method to this theoretical perspective of imperialism, is the notion of “interest”. The paper attempts to illustrate how through coincidences of interest with foreign actors (in this instance the British based ACCA), the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) the only professional accountancy association of T&T and its elite practicing member firms, work to ensure that accountancy developments in T&T occurred in a manner conducive to US capitalist penetration and expansion in the country[ii]. Interests as the “weapons of choice in political science for explaining outcomes” (Maclean, undated), however inhabit the social world and thus cannot be grasped, investigated and analyzed by the same research methods as objects that occupy the physical world. Interests for example are not always manifest, obvious or known (even to the social actors to whom interest are assigned). Moreover, there is a growing acknowledgment by some political analysts that “interest” is a concept that is inextricably bound up with its cognate concepts such as beliefs and desires (Maclean, undated.). So even from an analytical standpoint “interests” is not an unproblematic concept. As a result research involving interest is always by necessity an interpretive endeavor which, rather than aiming at arriving at some singular truth, sets a more achievable objective -that is, to present a version of truth that is coherent, consistent and believable. Accordingly, critical accounting research on the interest of the accounting profession often involves the bringing together of multiple data sources from a variety of research methods so as to provide the weight of evidence required to launch a plausible set of arguments and assertions. With reference to studies of practitioner based organizations of accountancy in Trinidad and Tobago, Annisette uses two primary research methods to acquire evidence; Interviews and Archival Research. In what follows we describe the multiple roles of Interview data in revealing “interests” in Annisette (2000).

Using interview data to reveal interest

Annisette (2000) draws on interviews from a variety of actors involved in professional politics in T&T. Given the relative youth of the profession, many of the key individuals in the early professional politics of the country were still alive and were willing to participate in face-to-face interviews to share their reflections on the major accountancy developments in the country and their roles therein. One such individual was Richard Hobday, past senior partner of T&T's first and premier professional practicing firm Ernst and Young (Annisette 2010) and past president of the ICATT. Hobday was undoubtedly a member of the country's accounting elite and an authentic representative of this community. Moreover, as one of the paper's key assertions is that it was in the interest of Trinidad and Tobago's practicing elite to maintain a system of UK-based professional accountancy education (and to resist the state's attempts to indigenize accounting education), Hobday would be an authoritative source regarding this aspect of professional development in T&T. As was the case with all of the interviews in the study, data from this particular interview is used in three distinct ways, each of which provided some insights into what would be considered the interviewee's interest. Firstly, at a very rudimentary level, interview data was used to ascertain relevant facts –that is, facts about actions that were consistent with interest. For example in the paper is Hobday's admission of the agency of local actors:

> . . .so we approached the Association of Certified Accountants and we got their help in getting in-house training schemes going. Hunter Smith and Earl (Price Waterhouse) did the same thing it was the only route you could go (Hobday, 1995 in Annisette 2000:640) [iii].

Here Hobday's interview data supported the argument that the T&T practicing elite actively sought the involvement of the British based ACCA in local professional affairs. Whilst actions are not always indicative of interest, interview data that provides an account of past actions which are consistent with interest are important building blocks in constructing a plausible account of interest. Thus by establishing that, it was a local pull factor rather than an external push factor which brought ACCA into the affairs of local professional practice in Trinidad and Tobago Annisette (2000) makes a first step towards a case of plausible interest.

Secondly, interview data provided evidence of beliefs. As noted earlier, interest is a cluster concept linked with other concepts such as beliefs and values which are likely to be more readily accessible to the researcher as actor's interest -even if known- may not be openly professed. Thus embedded in Hobday's statement that the ACCA was "the only route you could go" is the belief (not fact) that the ACCA was the only solution to the professional labour crisis the firm faced. Another of Hobday's beliefs highlighted in the paper is that indigenization (the alternative to importing the ACCA) was "both expensive and impractical" (Annisette 2000: 652). It is noteworthy that Annisette (2000) does not in these cases present these statements as fact; instead they are presented as beliefs which underpin the framing of interest. This contributes to the plausibility of the account of interest in that they show that actions were consistent with beliefs.

Thirdly the interview gave insights into feelings -another concept bound up with interest. Annisette (2000) presents Hobday's assertion below to capture feelings of indifference:

> indiginzation was a good way of selling it [ICATT] to the politicians" (Hobday in Annisette 2000:652)

Annisette's interpretation of this statement indicates the limits placed on authoritative sources. Hobday is an authoritative source only where it relates to matters concerning the professional elite –in particular highlighting their activities and unearthing their interest. His view on the motives behind indigenization was not considered an authoritative one, since indigenization was pursued by other parties (senior state employed accountants). Annisette (2000) instead uses Hobday's statement, to provide further fuller insight into the mindset of the professional elite, arguing that:

> the evidence collected does not support this view. Instead Hobday's trivializing of ``indigenization'' can be considered further evidence of the indifference of the practicing elite towards early professionalization activities (Annisette 2000:652).

These examples identified here illustrate three different uses of interview data taken from a single interview for the purposes of constructing a coherent and plausible account of interest[iv]. They point to the need for the researcher to make a clear distinction between "fact" and opinion/belief. Interview data on past actions should be verified with other sources for their reliability and where these actions are consistent with presumed interest, and then they help contribute argument being developed. Opinions beliefs and feelings are different. What an interviewee may present as fact (as in "the ACCA was the only way to go") is often an opinion or belief and requires more interpretive effort on the part of the researcher to link them with interest. Finally it is important to point out that interviews as a means of exploring interest are likely to be insufficient as a research method because of the difficulty in accessing peoples' interests and in constructing a believable interpretation on interest based purely on actors' accounts. Annisette (2000) supplements interview data with a wealth of archival data culled from, newspaper report, letters, memos and other forms of correspondence, minutes, and annual reports in addition to a host of secondary economic data. From these multiple sources along with the data collected from interviews the paper succeeds in building a plausible story about the local motives behind the ACCA-centred internationalization of professional accountancy education in Trinidad and Tobago.

Annisette (2000) highlights how the occupational structures of accountancy work to create coincidences of interests amongst local and non-local actors in the service of global capitalist expansion and thus powerfully illustrates the vital role played by accounting institutions in the diffusion of accounting knowledge and practice. In the next section, we turn to a consideration of how the knowledge and practices produced by these institutions in terms of accounting practice were implicated in the 2008 banking crisis.

The banking crisis

It was argued in the introduction that the research methods used to analyse the exercise of power should concentrate on *both* the material economic context *and* the rationalities/ideologies of the subject of enquiry. In a polemical piece, Cooper (2015) attempts to do this in order to provide a critical explanation of the financial crisis and accounting's role within it. This paper's research method could be described as "desk-based”. It sets out to explain the financial crisis and accounting’s role within it by adopting Marxism as its theoretical lens. The path which the research took exemplifies a method of research which seeks to understand the dialectical relationship between capitalism and its rationalities.

The recent genesis of the crisis

Cooper (2015) begins by considering the discontinuities within the forms of capitalist activity or the renovations in production, which occurred prior to the crisis. The past thirty years have seen discontinuities in the *form* of capitalism which will be described here as *neo-liberalism*. This new order of economic reason and governing rationality, alongside new modes and venues of commodification, and of course, new features of capitalism have won ascendency. As will be seen below, the first signs of the banking crisis became observable in August 2007.

In the years building up to the crisis, new and sophisticated “financial assets” or derivatives which were extremely profitable for the finance sector, were developed. The derivatives market emerged in 1971 when dollar-gold convertibility ended and currency values, especially for the dollar, became much more volatile (McNally, 2009). So, in the 1970s derivatives served as a response to the risks posed by volatile currency markets[v]. However, the derivatives market grew by around 24% per year from 1995 until 2008 into a global market with about €457 trillion of notional amount outstanding and over 1,700 different types of derivatives (Deutsche Börse AG 2008). Some of these derivatives were akin to speculative gambling opportunities. A naked credit default swap (CDS) is a good example of this. A CDS is similar to an insurance policy which can be taken by a bond issuer to insure returns on the bond. But it is possible to buy a naked (CDS) which means that it is possible to take out insurance on bonds without actually owning them. The owners of naked CDSs can do very well during economic crises when companies are failing.

As the derivatives market was growing, the real wages of workers in the US and UK were falling. Consumers in the US and Britain attempted to maintain a decent standard of living through borrowing. For home owners, massive increases in personal debt appeared to be "balanced" by soaring property prices. For some, the increase in the value of their home each year outstripped their annual salary. But, it became incredibly difficult for those without a home including first-time buyers to get onto the "property ladder". There was huge demand for mortgages and plenty of liquidity in the system. Lenders consequently relaxed their criterion for granting loans. They made many risky (sub-prime) loans.

Collateralized Debt Obligations (CDOs)

In the context of the increasing growth in derivatives markets, the finance industry found that mortgages could constitute another form of (profitable) derivative. They bundled up the poor-quality mortgages, mixed them up with some good-quality ones, and sold the packages of debt, which they called Collateralized Debt Obligations (CDOs), in a process known as securitisation. Collateralized Debt Obligations (CDOs) became very profitable and popular[vi].

They were seemingly less risky than other derivatives because they were backed by "real assets" - buildings. But, Cooper (2015) argues that they triggered the financial crisis.

The crisis which had been brewing beneath the surface began to become evident on 9th August 2007, when BNP Paribas, froze three of its funds. The bank indicated that it had no way of valuing the complex assets of these funds. The "complex assets" consisted of (CDOs). Larry Elliott, the Economics Editor of the British Guardian newspaper, wrote that

> On the face of it, there was nothing especially memorable about August 9 2007. With the holiday season in full swing, Britain was in relaxed, even soporific mood. House prices were rising, unemployment was falling, the economy was growing at an annual pace in excess of 3%. … The sports pages were full of cricket and the build-up to the new football season. (Reference)????
>
> It was, however, the day the world changed. As far as the financial markets are concerned, August 9 2007 has all the resonance of August 4 1914. It marks the cut-off point between "an Edwardian summer" of prosperity and tranquillity and the trench warfare of the credit crunch - the failed banks, the petrified markets, the property markets blown to pieces by a shortage of credit. (Elliott, 2008)

No-one seemed able to predict that this was the beginning of a significant economic crisis. Nonetheless, the financial authorities acted swiftly and decisively to try to calm the situation.

The European Central Bank and the US Federal Reserve injected $90bn into anxious financial markets. Also akin to World War I, the many people who believed that it would “all be over by Christmas” were soon to be proved wrong. In Sept 2007, the UK bank, Northern Rock, was confronted by the first run on a British bank for 150 years, after the demand for CDOs fell. Then early in 2008 JP Morgan acquired Bear Stearns. In September, the US government took Fannie Mae and Freddie Mac (two huge firms that had guaranteed thousands of sub-prime mortgages) into public ownership, and then Lehman Brothers filed for bankruptcy. The demise of Lehman brothers demonstrated that the technologies of accounting were insufficient to deal with the raft of complex financial derivatives in (and off) Lehman’s balance sheet. In the weekend before the demise of Lehman Brothers, the bankers and regulators working in the headquarters of the New York Federal Reserve were reportedly told by a member of Lehman’s staff, “We have no idea of the details of our derivatives exposure and neither do you.” (Guerrera and Bullock, 2008). Lehman’s collapse was followed by a series of banking failures including HBOS, the UK’s largest mortgage lender, Royal Bank of Scotland, Lloyds TSB, the US’s Washington Mutual and Wachovia, and Iceland's three largest commercial banks – Glitnir, Kaupthing, and Landsbanki.

The collapsing house of cards

During 2008, the world financial system seemed to be tumbling like a house of cards. Nation states tried to restore financial stability. In April, 2009, the G20 agreed on a global stimulus package worth $5tn. But the reverberations of the crisis continued to echo across the world. In October 2009, George Papandreou's newly elected socialist government discovered that Greece’s financial deficit was double what was previously feared. This led to Greek debt being awarded junk status, two weighty bailout packages and the most severe austerity packages imposed on the Greek people. In 2010 the European Central Bank bailed out Ireland, and in 2011 Portugal was bailed out. The repercussions of the crisis are still being felt around the globe in 2016.

The human cost of the 2007/8 financial crisis has been horrendous and impossible to describe in this short chapter. Rising levels of unemployment became a feature of many people's lives after 2007. A background paper prepared for the World Development Report 2014 notes that close to 30 million people have lost jobs since 2007 as a direct result of the financial crisis. Worryingly, it seems that young people have been particularly badly affected. In Greece and Spain, fifty per cent of young people are unemployed and the figure for the Euro area as a whole is twenty-five per-cent. The OECD issued a report in 2013 which stated that the global economic crisis has had a profound impact on people's well-being, reaching far beyond the loss of jobs and income, and affecting citizens' satisfaction with their lives and their trust in governments. While world-wide poverty cannot be blamed solely on the financial crisis, since the crisis, more people in the economic north have fallen into poverty. For example, in the US, poverty rose by 15% in the 2008 – 11 period. The Gini index, a commonly used measure of income inequality, has also worsened for a number of advanced countries and some countries in emerging Europe and Sub-Saharan Africa. Social and family cohesion has suffered since the onset of the crisis, with increased rates of mental illness, substance and child abuse, and suicides. Conflicts, violent protests, and perceptions of crime have become more prevalent. (United Nations, 2013).

The accounting issues: fair value

The financial crisis seemed to come to light when the problems of accounting for "complex assets" like derivatives were acknowledged. Accounting technologies could not cope with the CDOs in the BNP Paribas Funds. And the information which accounting provided was severely flawed (as in the case of Lehman Brothers). This is in spite of the fact that the prestigious institutions which failed so dramatically had publicly available financial statements with clean audit reports (Sikka, 2009). The accounting rules regarding complex financial assets were problematic. In the run up to the crisis, accounting rules allowed some assets to be shown at cost, others at fair (or market) value and others not at all (through structured investment and other "off balance sheet" vehicles) meaning that financial institutions were accounting on an "inconsistent basis" and the accounting rules made it fairly easy for financial institutions to hide their losses (Butler, 2009). While different facets of accounting were involved in the crisis, fair value accounting seems to have come under the closest scrutiny. Power (2010) argued that the evolution of derivatives pressured accounting standard setters to develop new standards and broaden the use of "fair value accounting" (FVA).

Arnold (2009) notes that there were a number of financial research papers on Fair Value accounting published before the financial crisis which used research methods and methodologies devoid of any concern with power, nor with any social, economic or political contextualisation. These papers were concerned with the "informational content" of accounts which used fair value for capital markets rather than evaluating Fair Value's potential macroeconomic consequences. She stated that too much financial accounting research is limited and ultimately shaped by the availability of quantitative databases. This presents a problem since there is no publicly available empirical data on off-balance sheet entities, credit default swaps and other privately traded derivatives. Due to its micro economic focus aligned with the problems of collecting data, too much accounting research appears to be oblivious to the most socially important aspects of accounting practice. In other words, in order to understand the financial crisis, the methods of financial economics based research are flawed because, aside from methodological problems, this research relies too heavily on quantitative data bases which are empirically inadequate.

But as accounting researchers, how should we set about, doing better than financial economic inspired research? In the wake of the crisis critical academic research adopted a broader field of vision and expressed important concerns about fair value accounting, auditing, off-balance-sheet financing and accounting regulation (Arnold, 2009; Gup and Lutton, 2009; Hatherly, 2013; Krumwiede, 2008; Laux and Leuz, 2009; Magnan and Markarian, 2011; Sikka, 2009; Whittle, et al, 2014). This research understood the broader dynamics of capitalism. Cooper (2015), while recognising the importance of the social, economic and political context of the crisis, was different in that it was concerned that one would be "missing the point" to blame the financial crisis on fair value accounting. Is fair value accounting "*the* problem" or are there much more fundamental problems with the "material continuities - capitalism? To consider this question Cooper (2015), used a Marxist theoretical lens, which, rather than providing albeit important and interesting piecemeal explanations (fair value, audit and so on), adopts a more holistic view of society.

Fair value through a Marxist lens

Cooper (2015) developed two aspects of Marx's work - the labour theory of value and fictitious capital. According to the labour theory of value – only human work (labour) can create value[vii]. Fictitious capital is any form of investment (for example bonds, stocks, and derivatives) which is based upon the *expectation* of future returns. Since the expected returns may or may not be produced in the future, they are *fictitious*. From a Marxist perspective, there is a form of insanity in any society which believes that investment in fictitious capital (for example, naked credit default swaps) is just as important as investment in real production (for example, the creation of sustainable energy technology) (Harvey, 2006). If massive investment flows to forms of fictitious capital which are not based upon the creation of value, this will, sooner or later, provoke an economic crisis. So from a Marxist perspective, the flow of money into forms of fictitious capital which are purely speculative and not part of the value creation process was a central part of the recent crisis (see Chabrak, 2014).

Cooper's (2015) work, enabled both a compelling explanation of the crisis and a more profound understanding of the fair value accounting debate. In terms of the contemporary debates in accounting surrounding whether or not we should have fair value accounting, mark to model accounting, historical cost accounting or something else which will give investors information about the future; the blunt fact is that such discussions totally miss the point that the value of claims to future cash flows are in Marxist terms fictitious[viii].

The crisis should disabuse us of our seeming blind faith in markets and their ability to "give correct prices" concerning the production of value by workers in the future. We cannot "know the future", in spite of the Chicago School's reduction of the idea of expectations to the domain of knowable outcomes with attached probabilities (Friedman, 1953). In some deeply disturbing senses activities in financial markets are rather like those in bookmakers. They both are based upon the ideological premise that experts (gamblers or investors) can predict the future better than anyone else. However, there remains a strong ideological belief in markets which has not diminished since the crisis. There is still a widely held belief that markets are efficient, that they are the best allocators of social resources and that society should allow its participants to pursue their own financial self-interest with no restraint or regulatory oversight (Soros, 2008).

Cooper's (2015) method meant reflecting on the ideas/rationalities which underpinned the practices which led to the crisis. The research method for this involved considering where the ideas developed, whose interests they served and how they were disseminated. Annisette (2000) gives an answer to this question in terms of professional accounting institutions; Cooper (2015) highlights the multiple "sources" of these rationalities.

The rationalities underpinning the crisis

Although the roots of neo-liberalism go back many years, Cooper (2015) considers the more recent roots which have been credited to Hayek's (1943), "Road to Serfdom" (Fine, 2008; Foucault, 2000). Hayek's ideas remained contested and unpopular for several decades but began to find a wider audience with the collapse of the post-war boom in the 1970s and the crisis of Keynesianism (MacKenzie, 2006). Perhaps surprisingly, Hayek's ideas were developed in accounting and finance departments (especially in Chicago and Rochester) rather than economics' departments. They were also developed and disseminated by organisations like the Mont Perelin Society (Chabrak, 2012). These ideas form the foundations of what would be described today as financial economics. Financial economics is not concerned with what might be described as the "real economy". It is concerned with the contracts for various financial variables. For example interest rates, bonds, shares and so on. Financial economics is based upon the ideological foundation that portrays human-beings as self-interested and rational. Furthermore, according to the ideology of financial markets, people who relentlessly pursue their own self-interests produce the best overall result for society as well. Thus, there is a kind of moral dimension to the ideas which underpin modern finance theory.

To understand the relationship between neo-liberal financial economic ideas and the practice of finance Cooper (2015) draws heavily on MacKenzie (2006). MacKenzie (2006) argued that the models developed in financial economics did not simply provide tools for valuing financial assets (a camera); they *drove* financial markets (an engine). In short, when financial economics' models are incorporated into society's algorithms, procedures, routines and material devices, they become, "performative." Indeed, the dominant rationality which has developed under neo-liberalism, is that so long as a few sophisticated market participants are allowed to trade freely and everyone pursues their moral duty to become as wealthy as possible, then society overall will be as good as it can be. With this understanding of the importance of the rationalities of financial economics, Cooper (2015), following MacKenzie (2006) provides a relationship bridge between financial economic rationalities and the practice of finance including the massive growth of derivatives, the making of loans to people who had little hope of repaying them, and then the packaging and sale of these loans to make even more profit. Eventually this triggered a financial crisis when the most vulnerable in society weighed down by debt could not afford to pay for their homes.

The research methods in Cooper (2015) could be described broadly as "desk-based". What underpinned the direction this research method took was the critical methodology of the paper and its theoretical lens. In short, it attempted to delve into the financial crisis and accounting's role within it by taking a Marxist historical perspective on the discontinuities and continuities of capitalism and its rationalities.

Conclusion

The two articles (Annisette (2000) and Cooper (2015)) discussed in this chapter demonstrate that to understand the breadth of the concept of power, we need to use differing research approaches that consider different aspects of its reach. Cooper's (2015) more synoptic approach to analysis is synergistic with Annisette's (2000) more localised study. Although we focused on two research methods that have been used in critical accounting research to capture the exercise of power, they are by no means the only methods used by critical accounting researchers. The divergent research methods used in these two papers, themselves reflect the vast range of approaches to research that are considered acceptable critical accounting excursions into the exercise of power.

Moreover, in a sense, these two papers stand at opposite ends of the continuum regarding the use of theory in critical accounting research. Cooper (2015) adopting a deductive approach seeks to illustrate the continued relevance of Marx's theorising in our contemporary understanding of global capitalism. Focussing on the 2008 global financial crisis on which there is already a burgeoning body of research, secondary evidence is sufficient to support Cooper's thesis of the continued salience of the Marxist concept of fictitious capital, thus resulting in a paper based on a research method described as desk –based.

On the other hand, the use of theory in Annisette (2000) can be placed on the inductive end of the spectrum. Unlike Cooper (2015), Annisette (2000) does not seek to corroborate a theory.

Instead, the paper sets out to explain an empirically observed problem. In this instance, the collection evidence (primary and secondary) precedes the theoretical choice and it is only later in the research process, the theory is invoked to make sense of the patterns that have been observed empirically. This however is not to assert that an inductive approach to research is bereft of a pre-existing theory. Indeed the mere identification of a situation as "problematic" and worthy of research implies a particular theoretical orientation which in turn informs judgements about what is an important subject for research.

Thus what connects these two works despite their divergent research methods and approaches to theory is that underpinning them is the concern to challenge and ultimately change existing social structures by denaturalizing the power relations that are embedded within them. The need for research which sets out to do this is crucial. Under neo-liberalism, many people, especially the young, have little hope of finding full-time secure employment; and those with work are on zero-hour contracts with falling real wages, and little or no hope of a retirement pension sufficient for a modest standard of living. The material conditions of existence for the majority are declining precipitously. At the same time, capitalist economic rationality has, like a virulent virus, spread from the workplace and the "realm of the economic" to every facet of human lives to the extent that, the subjectivities of those with employment, animate a 24/7 working mentality -- at any moment of the day workers are always working (Hardt and Negri, 2001; Cederstrom and Fleming, 2012; Brown, 2015). Worse – in 2016, according to neo-liberal rationality people are construed on the model of the firm and are accordingly expected to act in ways that maximize their (human) capital value, through entrepreneurialism, self-investment and/or attracting investors/networking (Brown, 2015). Accordingly, the research methods used to analyse the exercise of power should concentrate on both the material economic context and the rationalities/ideologies of the subject of enquiry.

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Notes

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[i] Robinson and Gallagher's theory of imperialism therefore permits Annisette (2000) to argue that T&T's formal independence from Great Britain signified a move from formal British rule to informal rule dominated by largely by the US. In short the country went immediately from, formal British imperialism (colonialism) to informal US imperialism. The paper provides data to suggest that during the closing era of British colonialism, the commanding heights of the T&T economy were already showing a gradual shift away from British economic domination to US economic domination. Thus the argument is advanced that "whilst independence meant a relaxation of formal constitutional links with Great Britain it also signaled the development of tighter economic links with the US, creating a close triangular relationship between T&T, Britain and the US" (Annisette 2000: 640-642).

[ii] Importantly as well, Annisette suggests that not all local elements represent collaborative forces. So she also identifies those local resistance groups who represent countervailing forces and the relative strength or weakness of the forces of collaboration and resistance (Annisette 2000: 635).

iii The Association of Certified Accountants referred to by Hobday is the current day Association of Chartered Certified Accountants otherwise known as the ACCA.

iv Obtaining data on actions, opinions and feelings are by no means the only contribution of interviews as a research method. As a research method the interview is indispensable where the research aims to discover meanings –that is how social actors interpret and perceive the world. See Annisette (2003) for examples of the use of interview method to reveal how relevant actors in the T&T profession interpreted certain accountancy events though a racial lens.

v For example, a UK exporter of goods to the US, could take a short position for the amount they are due to receive in order to hedge their foreign exchange risk.

vi Tett (2009), tells the story of the development of CDOs from the perspective of the bankers who devised them at JP Morgans.

vii Therefore this is a "supply-side" theory of value.

viii Interestingly, in 1938, former President Franklin Delano Roosevelt abolished mark to market accounting as it was believed that this valuation technique contributed to the severity of the Depression, thus causing financial institutions to fail (Cascini and DelFavero, 2011).